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South Korean airliner: Pyongyang's claim of voluntary defection by the 34 passengers of the South Korean airliner which crossed the armistice line on 16 February suggests that the Communists intend to hold them as hostages to force negotiations with South Korea. Repeated bids by the Communists for direct contacts as a first step toward unification have thus far been categorically rejected by Seoul.

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II. ASIA -AFRICA

Federation plan for Kuwait: Iraqi and Jordanian leaders are considering the possibility of bringing Kuwait--largest oil producer in the Middle East with more than 1,000,000 barrels a day--into their recently formed federation. Unless the British withdraw their opposition, the move is not likely to occur.

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Sudan-Egypt: The publicity given by the government of the Sudan to its dispute with Egypt over the status of

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border areas is probably intended in part to arouse anti-Egyptian feelings which would strengthen the Khartoum cabinet's hand in parliamentary elections scheduled from 27 February to 8 March. Egypt in turn appears to be promoting this border rectification in connection with its union plebiscite scheduled for 21 February. The Sudanese appear genuinely concerned over notes sent them by Nasir calling for a return to the pre-1903 boundary. They have sent troops into the area, [redacted]

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[redacted] Reports of Egyptian troop movements are unconfirmed. [redacted]

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III. THE WEST

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Cyprus: Greek and Cypriot misrepresentations of British Foreign Secretary Lloyd's statements in Athens leave the Cyprus issue confused. Lloyd suggested that Turkey be offered a base on the island to mollify Ankara's demand for immediate partition. Athens has inferred erroneously that London is also prepared to give up the idea of partition. The British evidently plan further bilateral talks with both the Greeks and the Turks, but prospects for any progress remain slight. [redacted]

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I. THE COMMUNIST BLOC

North Korea Uses Plane Incident to Press for North-South Negotiations

Pyongyang apparently views the landing on 16 February of a South Korean airliner in North Korea as an opportunity to force its demands for negotiations with Seoul. The North Koreans' claim that the 34 passengers voluntarily defected is intimation that they will not be released immediately but may be held for their hostage value.

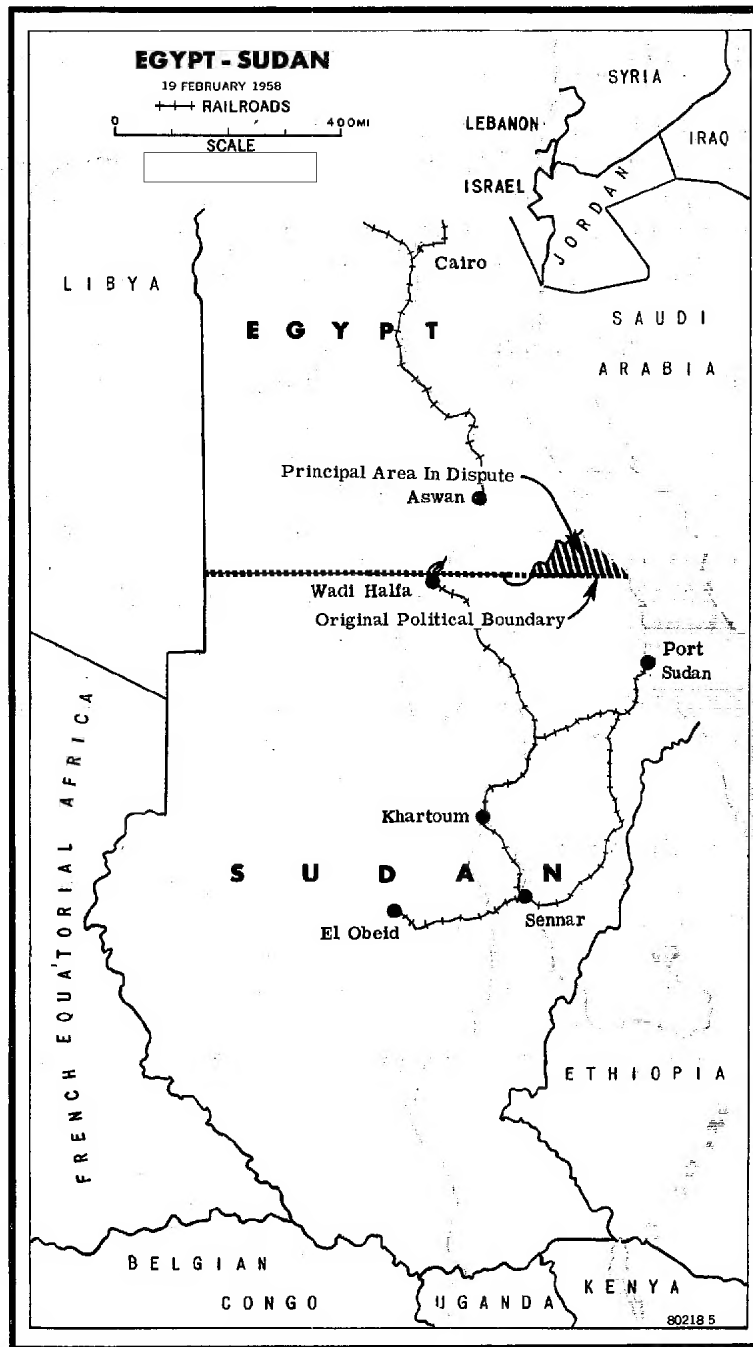
The North Koreans have refused to discuss the incident in the Military Armistice Commission and have proposed instead "direct" negotiations between the governments of North and South Korea. Repeated bids by the Communists for North-South negotiations to promote trade and prepare for unification elections have heretofore been categorically rejected by Seoul.

North Korea is linking the incident to its current propaganda campaign for the withdrawal of foreign forces from South Korea. Pyongyang is alleging that the passengers defected because they opposed the "occupation" of the South by US troops. Communist China's Premier Chou En-lai, who now is in North Korea to discuss the withdrawal of Chinese Communist forces, will probably exploit the incident in a similar way, stressing US "occupation" and Chinese Communist willingness to act to get all foreign troops out of Korea.

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Sudanese-Egyptian Border Dispute

The government of the Sudan is seriously concerned over a note received from Egyptian President Nasir on 13 February reaffirming Egypt's claim to sovereignty over all areas along the Sudanese border north of the 22nd parallel and indicating Egypt's intention to conduct a plebiscite in these areas on 21 February regarding the establishment of Egyptian-Syrian union. Egypt has stated that it will send a commission accompanied by an armed guard into the disputed area, and has challenged the right of the Sudan to conduct parliamentary elections, scheduled for 27 February - 8 March, in "Egyptian territory among Egyptian subjects." Reports of Egyptian troop movements toward the area are unconfirmed.

The Sudan has rejected the Egyptian demands but has sent its foreign minister to discuss the question with Cairo, meanwhile dispatching troops northward into the disputed area.

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The publicity given the dispute by the Sudan is probably intended in part to arouse anti-Egyptian feeling which would strengthen the government against pro-Egyptian opposition in the forthcoming elections.

The Anglo-Egyptian convention of 1899, which established a condominium over the Sudan, provided for a border along the 22nd parallel. In 1903, however, certain areas north of the parallel inhabited by Sudanese tribes were placed under Sudanese administration, and a small area below the parallel was assigned to Egyptian control. The principal area in dispute is the wedge-shaped parcel of territory on the Red Sea coast. Should Cairo question the status of the other area north of Wadi Halfa, this could pre-empt an attempt by Egypt to avoid compensating the Sudan for any submersion of lands as a result of the construction of a high dam at Aswan.

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III. THE WEST

The Cyprus Situation

Greek and Cypriot misinterpretations of British Foreign Secretary Lloyd's statements in Athens leave the Cyprus situation confused and potentially explosive. Athens has mistakenly inferred that London is prepared to give up any idea of partition.

London, however, evidently plans further bilateral talks with both Athens and Ankara. A high-ranking official of the British Foreign Office said on 13 February that Foreign Secretary Lloyd may decide to consult with the Greek and Turkish ambassadors in London and attempt to bring their positions closer together. The government is also still considering the idea of a tripartite conference. In the meantime, Lloyd will probably make only a general statement in Parliament in an effort to keep flexibility for the talks and to avoid saying anything which might provoke the Cypriots to violence.

One of the latest British suggestions is apparently that the Turks be offered a military base on Cyprus in lieu of immediate partition. Greek Foreign Minister Averoff has expressed willingness to study this idea further--despite Archbishop Makarios' expected outright rejection--provided Britain makes such a proposal in detail. It is highly questionable, however, that Makarios could be ignored as Averoff suggests.

Ankara is interested in a military base on Cyprus but only as a forerunner of the eventual partition to which it regards Britain as already committed.

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